

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-10 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 EPG-02 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 L-03 /074 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 3798

INFO ALL EC CAPITALS

USDEL MTN GENEVA

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 04870

PASS AGRICULTURE ELECTRONICALLY

E.O. 11652:N/A

TAGS:EAGR,EEC

SUBJECT: EC WHEAT FLOUR EXPORTS

REF: GENEVA 3620

1.THE REFTEL NOTED THAT EC EXPORT LICENSES ISSUED FOR WHEAT FLOUR WERE CONSIDERABLY LARGER THAN THOSE ISSUED FOR WHEAT THIS YEAR.WE DISCUSSED THIS SITUATION WITH AN OFFICIAL IN THE COMMISSION'S GRAIN DIVISION.THE OFFICIAL SAID THAT THE LOW LEVEL OF WHEAT EXPORTS RESULTED FROM THE SMALL WHEAT CROP HARVESTED IN 1976.IN ADDITION,THE CROP,ALTHOUGH SMALL, WAS OF VERY GOOD QUALITY.FOR THIS REASON,MORE DOMESTICALLY PRODUCED WHEAT HAS BEEN USED WITHIN THE COMMUNITY,FOR MILLING PURPOSES LEAVING LESS AVAILABLE FOR EXPORT.THIS QUALITY FACTOR ALSO EXPLAINS THE HIGH LEVEL OF FRENCH WHEAT EXPORTS TO OTHER EC MEMBERS THIS YEAR.COMMERCIAL WHEAT EXPORTS TO THIRD COUNTRIES ARE ACTUALLY LESS THAN 300,000 TONS THUS FAR THIS YEAR--ALMOST ALL TO UNCLASSIFIED

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TRADITIONAL WEST AFRICAN MARKETS.THE REMAINDER OF THE LICENSES ISSUED INVOLVE FOOD AID SHIPMENTS.

2.IN VIEW OF THE SMALL WHEAT CROP,THE COMMISSION HAD PLACED PRIORITY ON MAINTAINING THE LEVEL OF WHEAT FLOUR EXPORTS AND ORDERED ITS EXPORT SUBSIDY POLICY ACCORDINGLY.THIS WAS DESIRABLE FOR TWO REASONS:

A.EXPORTS OF WHEAT FLOUR COST THE COMMUNITY LESS THAN EXPORTS OF WHEAT.THE OFFICIAL SAID THIS WAS BECAUSE THE EC INDUSTRY WAS VERY COMPETITIVE AND HAD RELATIVELY LOW PROCESSING COSTS.ALSO IN EXPORTING FLOUR A SUBSIDY NEED BE PAID ONLY ON PART OF THE GRAIN SINCE THE BY-PRODUCTS WERE CONSUMED WITHIN THE EC.

B.THE COMMISSION,FOR OBVIOUS ECONOMIC REASONS,WISHED TO MAINTAIN THE LEVEL OF ACTIVITY AND EMPLOYMENT IN THE EC MILLING INDUSTRY.

3.THE OFFICIAL SAID THAT THE EC'S WHEAT FLOUR EXPORT GOAL HAD REMAINED FAIRLY STABLE IN RECENT YEARS AT ABOUT 2.6 MILLION TONS WHEAT EQUIVALENT.HOWEVER,HE NOTED THAT N MOST YEARS THIS GOAL WAS NOT ACHIEVED.EXPORT LICENSES ISSUED THUS FAR THIS YEAR WERE N LINE WITH THIS GOAL.
HINTON

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Message Attributes

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